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TAGS: [ENRG](#) [IAEA](#) [ETTC](#) [KNNP](#) [MNUC](#) [PARM](#) [TRGY](#)
SUBJECT: IAEA: JOINT STATE/DOE LETTER URGING DG TO LEAD ON
INTERNATIONAL FUEL BANK

REF: A. REF: UNVIE 47
[B](#). UNVIE 41
[C](#). UNVIE 40

[1](#)1. (U) SUMMARY: Both the President and Secretary have publicly endorsed the establishment of an international nuclear fuel bank (INFB) under the auspices of the IAEA. Our strategy to establish a fuel bank has three elements: 1) encouraging DG ElBaradei to resume a leadership role; 2) move one or two concrete proposals to the IAEA Board; and 3) engaging potential recipients of a fuel bank. To advance the first element prior to the Board meeting, Mission recommends a joint letter from Secretary Clinton and Secretary Chu urging ElBaradei to play a more active proponency role (suggested draft text para. 3). Mission recommends the letter be sent by Wednesday, February 25, in order to influence the Director General's statement to the IAEA Board on March 2. END SUMMARY.

BACKGROUND

[1](#)2. (U) A top priority in the run-up to the March Board of Governors meeting, UNVIE continues to advance this goal. Following the conclusion of IAEA talks with Russia on a fuel reserve that would use Russian-transferred LEU, Secretariat experts will advise the DG to comment on the Russian proposal and to brief Member States on the status of the parallel Nuclear Threat Initiative (NTI) proposal. The Secretariat also expects Russia will provide a preview of its proposal at the March Board under "Any Other Business" to spur Member States to discuss the issue in more detail at the June Board. Supportive national statements after the Russian preview would help to advance the discussion of assuring reliable access to nuclear fuel (RANF), a concept of which ElBaradei was an early proponent.

[1](#)3. (U) To advance toward implementation, one or more concrete proposals for an IAEA role in RANF must come to the Board of Governors for approval. Should IAEA DG ElBaradei's staff be successful in positioning Russia to speak at the March Board, Member States will hear that an agreement has been reached between Moscow and the Secretariat on arrangements for a reserve of LEU at the enrichment center in Angarsk to be held for IAEA procurement and transfer under explicit criteria. This arrangement would be grounded in two agreements (one between Russia and the IAEA and one between the IAEA and a potential recipient state experiencing a nuclear fuel disruption.) These agreements would have to be approved by the Board at a future date, potentially June. Secretariat staff will also advise the DG to discuss the Agency's plans to develop a fuel bank concept using the funds contributed through the NTI challenge grant. In order to use the NTI funds, the Board must issue a decision to this

effect. Preliminary discussion in the March Board would set the stage for a first Board action in June to accept the funds contributed through the NTI challenge grant and, optimistically, approve the broad contours of the Agency's fuel bank concept. A key worry for ElBaradei is G-77 and NAM opposition to an INFB, which has caused him to step back from providing leadership on this issue. In order for the issue to gain momentum among member states, the DG must once again assume his leadership role in establishing an INFB. The IAEA also faces a September 2009 deadline set by NTI, already extended once, for expenditure of its funding.

Joint State/DOE Letter

¶4. (U) Mission proposes a joint letter, signed by Secretary Clinton and Secretary Chu urging ElBaradei to move forward on this issue quickly. Mission proposes following text:

Dear Dr. ElBaradei,

We look forward to working with you in our capacities as Secretary of State and Secretary of Energy. The International Atomic Energy Agency is of enormous importance to the United States and other countries around the world. President Obama has made clear his strong support for the Agency.

President Obama also supports the establishment of new mechanisms, including an international fuel bank, to help assure supply of nuclear fuel to countries interested in

nuclear power while safeguarding against the proliferation of bomb-making technologies.

The proposal for an IAEA-administered international fuel bank mechanism would serve this purpose. The U.S. supports the NTI proposal, as reflected by the Department of Energy's contribution of nearly \$50 million to match the NTI challenge grant.

The complexities of establishing a fuel bank are many, and we are grateful for your early and strong support. As member states continue to grapple with this issue, we rely on your leadership role in bringing concrete proposals to the Board of Governors for consideration. With your support, a carefully managed discussion in the Board can help member states work together to make the fuel bank a reality. END
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